

GASB 34 Infrastructure Strategies for Large Governments



State of Michigan Strategies for reporting
infrastructure under GASB 34

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Michigan Background



- 9.8 million residents, 8th largest state
- Budget of \$34 billion and 64,000 employees
- Spend \$1.6 billion a year on transportation
- 1,862 miles of freeway and 7,760 miles NF
- Over 4,000 bridges on the state highway system plus the Mackinac Bridge



Michigan Background (con't)



- 7% of transportation budget for new roads
- Spending \$6.4 billion over next 5 years

Other Infrastructure



- The Department of Natural Resources has thousands of miles of forest roads
- Prisons, hospitals, and schools also have access roads
- Other unusual infrastructure examples
- Some are recorded in general fixed assets today, some are not

Infrastructure Approach



- Surveying all agencies, studying existing records and data
- Beginning with Transportation Department
- Following with other major departments
- Updating annual fixed asset guidance
- Planning to use modified approach for most infrastructure

Major infrastructure components



- Freeways, non-freeways, ramps
 - 7 cost regions in the state
 - Hist. cost based on deflated cost to re-construct
- Bridges - used same cost basis as for roads
- Right of Way items - deflated based on current appraised value
- Miscellaneous components: Weigh stations, pumping stations, rest areas, garages, etc.

Infrastructure retrospective costs

- Will not compile the actual historical costs
- Will use current cost estimates and deflation factors



Reasons for selecting modified



- Disclosures preferred by MDOT executives
- Approach is similar to our road assessment process today
- Closest to what we do today for

System impact



- Decentralized approach for data collection
- Centralized entry for depreciation entries
- Planning on spreadsheets, off-line record-keeping for first few years
- Evaluating cost benefit of integrated infrastructure system

Implementation strategies



- For large governments, this is a major project, so start early
- Carefully evaluate modified vs. traditional alternative with executive leadership
- Evaluate cost-benefit for retrospective costs
- Engage auditors early, plan for testing



- Updates on our progress with early implementation are available at:

www.state.mi.us/dmb/ofm